



Benigno R. Fitial  
Governor

# COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

June 18, 2008

The Honorable Kevin J. Martin  
Chairman  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

Re: Application of CETC Cap to CNMI (CC Docket No. 96-45)  
(Petition of PTI Pacifica Inc. for Waiver of Section 54.314 of the Commission's Rules);  
Ex Parte Presentation

Dear Chairman Martin:

It has come to my attention that the Federal Communications Commission recently imposed a cap on the amount of federal universal service support that will be available to competitive eligible telecommunications carriers (CETCs) within each state.<sup>1</sup> While I take no position on the merits of the cap itself, I am writing today to ask your help to ensure that the application of the cap in the Commonwealth of the Northern Mariana Islands (CNMI) is fair and equitable in light of certain unique facts within this territory. Significant geographic and economic challenges in the CNMI make it imperative that the cap in CNMI is not set at an arbitrarily low level.

As you know, the *CETC Cap Order* calls for each jurisdiction's capped support amount to be determined based on CETCs' support levels as of March 2008. In the CNMI, however, the amount of support that CETCs received in March 2008 was artificially suppressed as a result of the misdirection of one CNMI CETC's routine administrative filing.<sup>2</sup> The mis-delivery by the

<sup>1</sup> *High-Cost Universal Service Support, et al.*, WC Docket No. 05-337 *et al.*, Order, FCC 08-122 (rel. May 1, 2008) ("*CETC Cap Order*"). The CNMI is treated as a state under the Communications Act. 47 U.S.C. § 153(40).

<sup>2</sup> Petition of PTI Pacifica Inc. for Waiver of Section 54.314 of the Commission's Rules, CC Docket No. 96-45 (filed Feb. 8, 2008). *Comment Sought on Petitions for Waiver of Filing Deadlines Related to the Universal Service Program*, CC Docket No. 96-45, Public Notice, 23 FCC Rcd 2892 (2008). PTI Pacifica Inc. (PTI) describes in a waiver petition how it mailed its rural use certification well in advance of the October 1, 2007, due date, and received a signed return receipt for the certification from the U.S. Postal Service, even though the certification was never in fact delivered to USAC. As PTI discusses in its petition, its request for waiver is consistent with other waivers that the Commission has granted in similar cases involving unforeseeable third-party delivery error.

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U.S. Post Office of PTI's rural use certification resulted in the denial of almost \$52,000 in support that otherwise would have flowed to CETCs in the CNMI during March 2008.

I urge you to take whatever action is necessary to ensure that the CETC cap for the CNMI includes the support that would have been available absent the mail delivery problems. If granting PTI's waiver petition will accomplish this goal, then we urge you to grant the petition and make clear that the resulting support should be included in the cap in the CNMI. To the extent that granting the petition is necessary in order to ensure that the CNMI cap level is not artificially reduced, I believe that this is an independent public interest reason for granting the waiver petition. I want to emphasize, however, that my purpose here is not to argue for action that benefits any particular carrier per se, but rather to ensure that the overall cap level that is available for serving consumers in the CNMI is not lower than it otherwise would be as a result of this specific, unique set of circumstances.

Universal service support is extremely important in the CNMI. We are an insular archipelago located approximately 6,000 miles from the U.S. mainland, with islands spread over a 300-mile area of the Pacific Ocean. In 2005, the CNMI's estimated total population was 65,927, with sixty percent of the population having an income of less than \$20,000.<sup>3</sup> The CNMI's economy has suffered over the past few years because of the losses in the garment and tourism industries, upon which the Commonwealth depended. The elimination of quotas on textile and apparel imports by the United States in the World Trade Organization has subjected the CNMI garment industry to stiffer competition in the international marketplace,<sup>4</sup> especially larger producers such as China and Mexico.<sup>5</sup> The CNMI's once-billion-dollar industry has been reduced to less than \$100 million.<sup>6</sup> Further, as a result of international events, tourism in the CNMI has sharply declined by 20 percent since the 1990s.<sup>7</sup> Accordingly, due to the downturns in the garment and tourism industries and the fact that no other industry has risen to take their place, government revenues have dropped from \$250 million to just over \$150 million in just a few years.<sup>8</sup>

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<sup>3</sup> Statement from Don Young, U.S. Rep. Alaska, to the Natural Resources Comm. of legislation dealing with the Northern Marianas Islands immigration, security and labor issues, and the creation of a new Congressional Delegate for the Islands (H.R. 3079) (2007).

<sup>4</sup> Jeannette Franzel, Director, Financial Management and Assurance of U.S. Gov't Accountability Office, Testimony Before the Comm. on Energy and Natural Resources: Commonwealth of the Northern Mariana Islands: Serious Economic, Fiscal and Accountability Challenges (Feb. 8, 2007).

<sup>5</sup> GAO, *U.S.-China Trade: Textile Safeguard Procedures Should Be Improved*, GAO-05-296 (Washington, D.C.: Apr. 4, 2005.)

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> See Statement from Don Young, *supra* note 3, at 2.

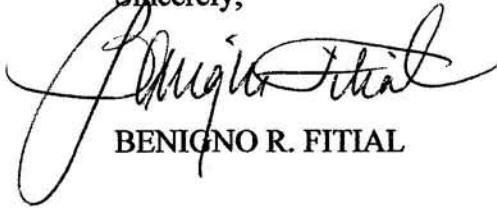
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As a result of our geographic and economic challenges, it is critical that carriers serving the people of the CNMI have access to the full measure of federal support. On behalf of the people of the CNMI, I thank you for your assistance with this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Benigno R. Fitia", written in a cursive style.

BENIGNO R. FITIAL